

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF DURHAM
CONCERNING DUKE ENERGY PROPOSED ELECTRICITY RATE
INCREASES FOR NORTH CAROLINA**

WHEREAS, the City of Durham recognizes the importance of an adequate and reliable supply of electricity at lowest reasonable cost while maximizing efficiency;

WHEREAS, on January 4, 2013, Duke Energy Carolinas, LLC filed Docket No, E-7 Sub 1026 with the N.C. Utilities Commission stating its intention to seek a general rate increase;

WHEREAS, as stated in the filing, rate increases are proposed as follows:

<u>Customer Classes</u>	<u>Percent change proposed</u>
Residential	12.15%, with residential RS increasing 13.9%
General Service	9.27
OPT-General	10.80
OPT-Industrial	3.20
Industrial	16.63
<u>Lighting</u>	<u>5.63</u>
Overall	10.19

WHEREAS, Duke Energy seeks an 11.25% return on equity for its shareholders in this rate case;

WHEREAS, Duke Energy seeks to institute a per-connection fee of \$15 for each customer, which is a new fee that has not existed before;

WHEREAS, with this rate increase application, Duke Energy continues a pattern of disproportionately increasing residential rates while favoring commercial and industrial customers, shifting the costs of the electricity system to residential customers;

WHEREAS, Duke Energy acknowledges that seeking a rate increase during these difficult economic times could pose hardship to its customers, including local governments and their citizens;

WHEREAS, public outdoor lighting provided by local governments is important to public safety and benefits all citizens of the State;

WHEREAS, substantial rate increases for public lighting will reduce the ability of local governments to pay for this service;

WHEREAS, the rate increases proposed by Duke Energy to recover costs for increased capacity should not be assigned to the public lighting tariff for the following reasons: public lighting consumes electricity in off-peak hours; rate increases to pay for increased peak generation capacity should not be assigned to the off-peak loads of public lighting tariffs; such lighting tariff increases would disproportionately impact municipal residents; and rate increases for this service were already granted within the past two years; and

WHEREAS, the NC Utilities Commission in the immediate prior rate case ordered Duke Energy to meet with the City of Durham and other interested cities to come to an agreement on street light issues, including rates charged and the handling of maintenance issues such as street light outages.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DURHAM THAT:

- Section 1. The North Carolina Utilities Commission is urged to reject Duke Energy's rate increase request, or if the Commission believes Duke Energy provides compelling proof that some increase is required, to keep it to the lowest amount reasonable under applicable law, to spread any allowed rate increases out over time to minimize customer impact, and to ensure that rates applied to municipalities are structured equitably.
- Section 2. The tariff for Public Lighting and Governmental Lighting should require Duke Energy to perform regular inspection and maintenance of such lighting as a part of the service without requiring outage reporting by the customer or additional charges for such service, and should mandate that the City get credit for street lights not in service for which it has paid.
- Section 3. The Commission is urged to adopt an equitable rate structure which encourages energy conservation, efficiency, and renewable energy.
- Section 4. Given the difficult local and State budget circumstances, any rate increases should be made effective in the future at the beginning of governmental fiscal years to allow budget planning.
- Section 5. The City Manager, with the assistance of the City Attorney, is authorized to convey this resolution to the North Carolina Utilities Commission, and to take action in this docket as appropriate in support of this resolution.
- Section 6. This resolution shall be effective on and after its passage.